



## COUNCIL OF CHIEF STATE SCHOOL OFFICERS

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April 26, 2001

Michael K. Powell  
 Chairman  
 Federal Communications Commission  
 The Portals, 445 Twelfth St., SW  
 Washington, DC 20554

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**APR 27 2001**

FEDERAL COMMUNICATIONS COMMISSION  
 OFFICE OF THE SECRETARY

**RE: PETITIONER REQUESTS CARRYOVER OF UNUSED FUNDS IN THE FEDERAL  
 UNIVERSAL SERVICE SUPPORT MECHANISM FOR SCHOOLS AND LIBRARIES  
 PLEADING CYCLE ESTABLISHED CC Docket No. 96-45 DA 01-975**

Dear Chairman Powell:

The Council of Chief State Schools Officers (CCSSO) wishes to comment on and support the recommendations incorporated in the three petitions cited in the Public Notice that was released on April 19, 2001. Basically, the petitioner requests that unused funds collected for the schools and libraries program should be carried forward for use in subsequent funding years. Over the past three years, my office has written several letters to the Commission and met with representatives of the Common Carrier Bureau to express a position similar to the Partitioner's request to carryover unused funds.

The intent of the three Petitions for Reconsideration that were submitted by Mr. Gregory Weisiger request the Commission to authorize or direct the Program Administrator (SLD/USAC) to apply the recurring unobligated funds to meet the demands of subsequent schools and libraries applications, rather than reducing subsequent carrier contributions. The funding commitment process that has been accepted by the Commission is very unfair and insensitive to the thousands of applicants that anticipate discounts for critical services, particularly support for internal connections.

Members of CCSSO have been under the impression that the provisions authorized under Section 254(h) were intended that all of the nation's schools and public libraries would participate in the universal service discount program. The Petitioner, Mr. Weisiger, who is cited in your recent Notice [CCB/DA 01-975] merely seems to be suggesting that the Commission has the obligation to use all of the annually collected fees which meet the level of the "designated cap" for eligible applications. In each of his Petitions, Mr. Weisiger rightly points out that the Common Carrier Bureau erred in its judgment by comparing Schools and Libraries unspent funds with Rural Health Care unspent funds. We agree with his conclusion that the reason for the unspent funds in the Health

Care Program are fundamentally dissimilar from the situation operating in the Schools and Libraries Program. In any event, given the experiences gained during the first two years of the universal service discount program, it would seem that directing the Program Administrator to "recommit," as the Petitioner suggests unused funds to support subsequent-year applications seems sensible and within the intent of the law. The Commission surely has the opportunity to remedy this perennial problem in its forthcoming ruling on collection fees for the next fiscal year.

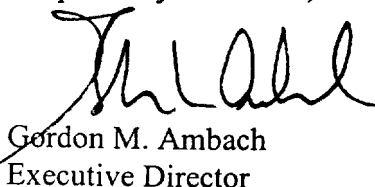
The Commission could, as the Petitioner recommends, permit the Program Administrator to issue an overall funding commitment based on a level of funding that would include the "funding collection cap" and anticipated unobligated funds from previous years. For example, in its pending funding decision, and each year at this time, the Commission could authorize the Program Administrator, who would be assisted by accounting experts, to commit an additional amount of available funds - without exceeding the cap on collected fees for the fund.

CCSSO is in full agreement with the Petitioner about the goals and purposes of the "E-Rate" Program. In his comment to the Commission (April 22, 2001), he states that it is "in the national interest that all students and citizens should have access to resources available through the Internet, and enhanced communications broadband connections afford [this opportunity]." We would also refer to the Administration's implicit national educational policy goal: to ensure that all children have adequate resources to learn and achieve higher educational standards.

CCSSO members recognize that the continued collection of universal service fees that support discounted telecommunications services for schools and libraries is critical to the transformation and improvement of the nation's educational system. In this regard, and assuming that a funding cap of \$2.25 billion is maintained, we urge the Commission to recognize its obligation to ensure that all available funds are directed to the schools and libraries with the greatest need. In comments filed previously (October 14, 1999), the Council reminded the Commission of the fact that many school and library applicants are forced to modify and scale back their initial plans and commitments as a result of the Commission's reconfigured funding priorities and reduced collection schedule. Moreover, in other communications, CCSSO has urged the Commission to keep in mind that schools and libraries applying to this program have had to develop and receive approval for comprehensive multi-year plans for the installation of new facilities and telecommunications equipment. In its comments to the Commission (1999), CCSSO argued that "Rolling unused funds from year one to the next is a sound way to realize the full use of funds for eligible applicants."

In conclusion, CCSSO urges the Commission to accept the fact that for a variety of reasons a determinative amount of E-Rate funds are unobligated each and every year. These funds can be placed in escrow, or designated, as the Petitioner suggests, as "recommitted" funds to support "greatest need" applicants in subsequent funding cycles. As you go forward in this matter, CCSSO and our colleagues in the respective states remain committed to collaborate with officials in the Common Carrier Bureau and Universal Service Administrative Company to ensure the successful and efficient operation of the school and library discount program.

Respectfully submitted,



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Executive Director

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